

Message Text

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PAGE 01 STATE 227152

67

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INFO OCT-01 EUR-25 ISO-00 NSC-10 AID-20 CEA-02 CIAE-00

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RSC-01 OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01

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TAGS: ENRG

SUBJECT: GUIDANCE FOR OECD OIL COMMITTEE MEETINGS

1. FOLLOWING IS GUIDANCE FOR US DELEGATION TO MEETINGS
HIGH LEVEL GROUP OF OIL COMMITTEE ON NOVEMBER 19 AND
OIL COMMITTEE NOVEMBER 20-21.

2. GENERAL: US DELEGATIONS SHOULD PARTICIPATE ACTIVELY
IN DISCUSSIONS, LEAVING LEADERSHIP AND DIRECTION TO
WANSINK. CONTINUING US DESIRE TO MAKE OECD MEANINGFUL
FORUM FOR DISCUSSION OIL MATTERS SHOULD BE STRESSED.

3. SUPPLY AND DEMAND; YOU SHOULD LOOK TO WANSINK TO
PROVIDE OVERALL REVIEW OF SUPPLY SITUATION BASED ON
INFO PROVIDED BY COMPANIES. US STATEMENTS GENERALLY
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PAGE 02 STATE 227152

SHOULD BE RESTRICTED TO DISCUSSION OF DOMESTIC SUPPLY

AND DEMAND SITUATION, WITH EMPHASIS PLACED ON MEASURES BEING TAKEN BY USG TO REDUCE CONSUMPTION. ANY CRITICISM LEVIED BY WANSINK ON FAILURE OF US COMPANIES TO PROVIDE ADEQUATE AND TIMELY DATA SHOULD BE HANDLED BY NOTING US HAS ACTIVATED SUPPLY AND DEMAND SUBCOMMITTEE OF EMERGENCY PETROLEUM SUPPLY COMMITTEE. DETAILED PROJECTIONS CONCERNING WORLD-WIDE SUPPLY AND DEMAND SHOULD BE AVAILABLE BY END OF NOVEMBER. US HAS AUTHORIZED TRANSMITTAL INFO, WHEN AVAILABLE, TO WANSINK.

4. SHARING: US SHOULD MAKE CLEAR ITS CONTINUED INTEREST IN EXAMINING PROSPECTS FOR OECD-WIDE AGREEMENT FOR SHARING OIL IN EMERGENCIES AND PERIODS OF CHRONIC SHORTAGES, DESPITE FAILURE EUROPEANS TO ACTIVATE THEIR AGREED SHARING PLAN IN PRESENT CRISIS. MORE TIME IS NEEDED TO STUDY OPTIONS OUTLINED BY OIL SHARING WORKING GROUP. US EXPECTS TO BE PREPARED AT NEXT MEETING HLG TO EXPRESS ITS VIEWS ON REPORT. WITH RESPECT TO CURRENT EMERGENCY, YOU SHOULD STRESS THAT US ALREADY ENGAGED IN DE FACTO SHARING WITH EUROPE SINCE EXPECTED SUPPLIES TO US FROM THAT AREA NO LONGER BEING MADE AVAILABLE. USG HAS NOT INSTRUCTED US COMPANIES TO DIVERT OIL TO US. CONSUMER COUNTRIES SHOULD AVOID TEMPTATIONS TO TAKE UNILATERAL ACTIONS DAMAGING FLEXIBILITY OF MAJOR INTERNATIONAL OIL COMPANIES. DURING CHRONIC SHORTAGES ENVISAGED OVER YEARS AHEAD, THE INTERNATIONAL COMPANIES WILL PROVIDE THE BEST VEHICLE TO ENSURE THE EQUITABLE ALLOCATION OF OIL BETWEEN CONSUMERS.

5. PRICES: DELEGATIONS SHOULD PREPARE TO DISCUSS IN GENERAL TERMS ANY ANNOUNCEMENT MADE FOLLOWING NOVEMBER 17 MEETING IN VIENNA BETWEEN OPEC AND COMPANIES. IF SUBJECT ARISES AND CONSENSUS EXISTS, US SHOULD EXPRESS WILLINGNESS TO SEE FORMED INFORMAL OECD WORKING GROUP TO STUDY PRICE PROBLEM. YOU SHOULD RESIST POSSIBLE OVERTURES FOR US TO PROVIDE CHAIRMAN OR RAPPORTEUR. EUROPEANS AND JAPANESE MUST SHARE SUCH RESPONSIBILITIES. HOWEVER, US IS WILLING TO ASK INDUSTRY SPOKESMEN TO MEET WITH ANY GROUP FORMED TO

CONFIDENTIAL

PAGE 03 STATE 227152

SHARE INDUSTRY VIEWS.

6. MIDDLE EAST. YOU SHOULD REFRAIN FROM SPECULATING CONCERNING MIDDLE EAST SITUATION BUT CAN PROVIDE, IF ASKED, FACTUAL INFORMATION CONCERNING PRODUCTION CUTBACKS. DELEGATIONS SHOULD NOT SUGGEST EARLY LIFTING OF EMBARGO AND PRODUCTION CUTS LIKELY. EFFORT SHOULD BE MADE TO CONVINCE EUROPEANS AND

JAPANESE THEY SHOULD NOT SUCCUMB TO ARAB PRESSURES
AND THAT SHORTAGES WILL BE MANAGEABLE IF PROMPT AND
EFFECTIVE ACTION IS TAKEN TO CURTAIL CONSUMPTION.

7. FUTURE MEETINGS: INITIATIVE SHOULD BE LEFT TO WANSINK.
USG WOULD PREFER NEXT HLG AND OIL COMMITTEE MEETINGS BE
HELD IN MID OR LATE JANUARY WHEN SITUATION BECOMES
CLEARER. HOWEVER, WE PREPARED TO MEET AT ANY TIME
CIRCUMSTANCES WARRANT. KISSINGER

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